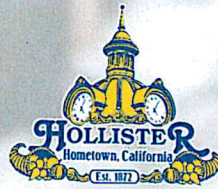


Q3 2015



City of Hollister Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2015)

Hollister In Brief

Hollister's receipts from July through September were 2.6% above the third sales period in 2014. Excluding reporting aberrations, actual sales were up 5.2%.

Increased sales across most segments of the autos and transportation group accounted for much of the gain this quarter. General consumer good sales also benefited from positive results in most segments while several reporting aberrations exaggerated gains for electronics stores. Building material sales grew this quarter while contractors also reported increasing activity as well.

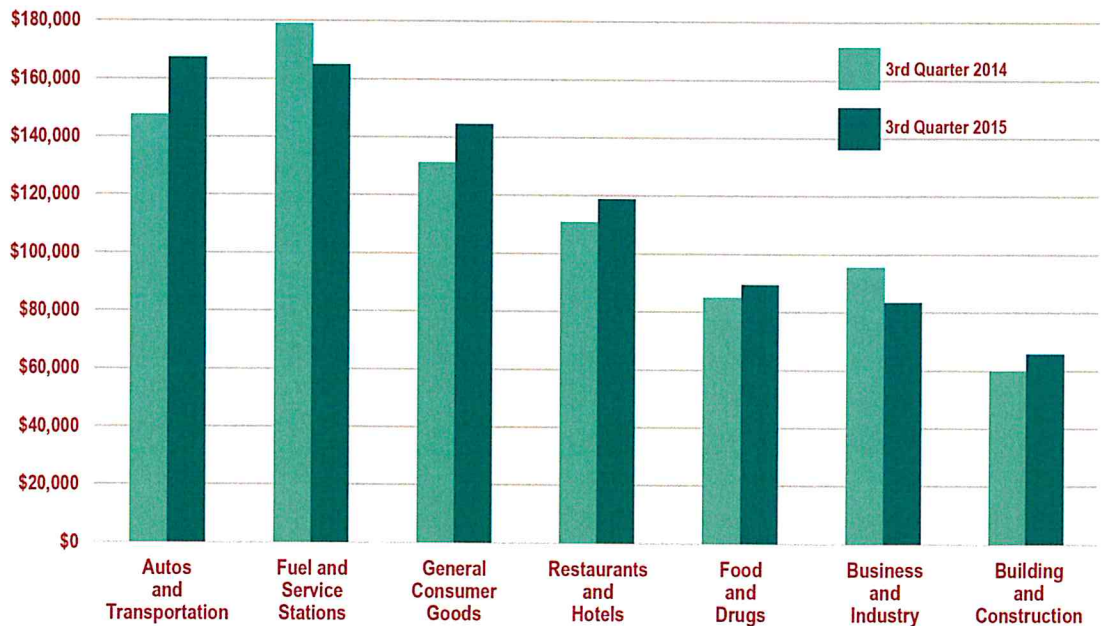
Quick serve, casual dining restaurants, plus all segments of the food/drug group posted higher overall sales this quarter.

The continuing decline in fuel prices negated the returns from a reopened service station this quarter while several reporting aberrations and lower sales across multiple sectors were reflected in the results for business and industry.

Measure E, the city's voter approved transactions tax, generated an additional \$1,256,257 in revenue for the quarter, a 12.64% increase compared to the same period last year.

Net of aberrations, taxable sales for all of San Benito County grew 2.1% over the comparable time period; the Central Coast region was up 3.0%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Ace Hardware	McKinnon Lumber
Arco AM PM	Nob Hill General Store
AZ Electronics Materials	Quik Stop Market
Brigantino Irrigation	Ranch Gas & Food
California Forest Products	Rite Aid
Ciminos Cabinet Doors	Safeway
Crop Production Services	Safeway Fuel
Greenwood Chevrolet Buick GMC	Save Mart
Hollister Chevron	Shop N Save
Kmart	Target
KMG Electronics Chemicals	Tiffany Ford Lincoln Mercury
McDonalds	Tiger Express Mart
	Verizon Wireless

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$1,706,959	\$1,689,627
County Pool	278,653	321,231
State Pool	1,285	937
Gross Receipts	\$1,986,898	\$2,011,796
Less Triple Flip*	\$(496,724)	\$(502,949)
Measure E	\$2,239,342	\$2,321,188

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Statewide Results

The local share of sales and use tax revenues from the summer sales quarter were up 2.4% over last year's comparable quarter after adjusting for payment aberrations.

New and used auto sales and leases continued to exhibit solid gains and were the primary contributor to the quarter's statewide growth. The countywide allocation pools were the second largest contributors to the overall gain, boosted by increased online sales activity. The state's travel and tourism industry contributed to a robust increase in receipts from restaurants and hotels. Recovering building and construction activity was also significant with an 8.6% increase over the comparison period.

Gains in most other segments were relatively modest while receipts from fuel and service stations declined for the fourth consecutive quarter.

Overall performance was similar throughout most regions of the state, however the effect of lower fuel prices significantly dampened results in portions of the San Joaquin Valley.

Online Retail Sales Continue to Outpace Brick & Mortar Stores

Fourth quarter tax results will not be available until March but preliminary reports indicate holiday purchases from some brick and mortar stores are flat or down from 2014, while the volume of online shopping has set new records.

Although stores are not in danger of disappearing, the trend has many retail chains considering long-term plans for smaller "showroom" units with less square footage, employees, and in-store inventory.

HdL's statewide sales tax database for the first three quarters of 2015 shows that online orders for general consumer goods rose 17.6% over the first three quarters of 2014, while the overall sales gains at brick and mortar stores grew a modest 2.2%.

New Restrictions on Tax Sharing Agreements

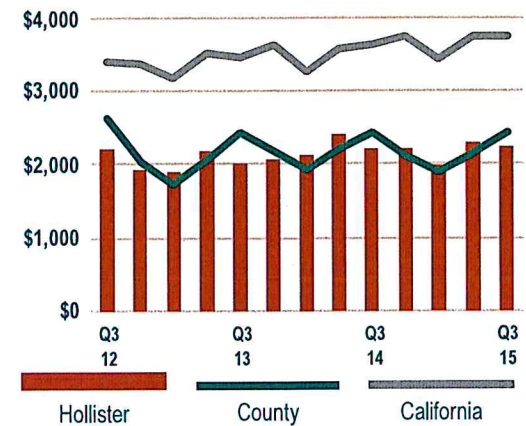
Tax rebates are subject to additional restrictions and reporting requirements in 2016.

Newly adopted Government Code Section 53084.5 prohibits tax sharing agreements that reduce another agency's sales tax if the business generating the tax continues to maintain a physical presence in the losing agency's jurisdiction.

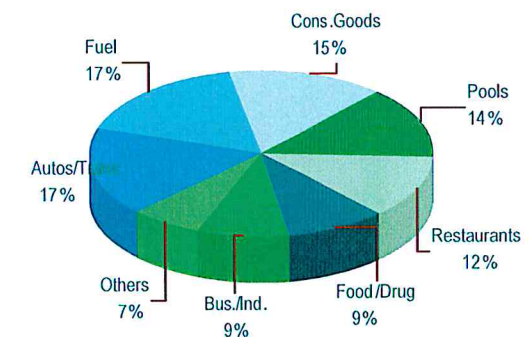
The Government Accounting Standards Board (GASB) has also adopted new requirements outlined in GASB Statement 77 for detailed disclosure of rebates in government financial reports.

The rule issued on August 14, 2015 by GASB will require state and local governments to disclose the amount of property, sales, and income taxes that have been waived or rebated under tax abatement agreements with companies or other taxpayers. The requirements of Statement 77 are effective for financial statements with periods beginning after December 15, 2015.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP Hollister This Quarter



HOLLISTER TOP 15 BUSINESS TYPES

Business Type	Hollister		County	HdL State
	Q3 '15	Change	Change	Change
Automotive Supply Stores	30,479	10.5%	17.9%	5.2%
Casual Dining	44,773	2.0%	-19.2%	5.5%
Contractors	22,722	22.1%	17.5%	12.8%
Discount Dept Stores	— CONFIDENTIAL —		0.4%	2.1%
Drug Stores	— CONFIDENTIAL —		0.3%	-1.5%
Drugs/Chemicals	23,310	-18.0%	-9.2%	0.5%
Electronics/Appliance Stores	22,090	73.5%	73.5%	3.9%
Garden/Agricultural Supplies	41,940	6.6%	9.6%	2.7%
Grocery Stores Liquor	52,045	0.5%	1.2%	3.8%
Liquor Stores	16,386	15.4%	13.8%	5.5%
Lumber/Building Materials	42,416	27.9%	26.7%	6.7%
New Motor Vehicle Dealers	— CONFIDENTIAL —		13.0%	8.2%
Quick-Service Restaurants	67,033	8.0%	18.4%	6.7%
Service Stations	164,697	-8.0%	-8.2%	-11.8%
Specialty Stores	10,335	18.3%	18.5%	5.7%
Total All Accounts	833,927	2.7%	1.2%	2.3%
County & State Pool Allocation	134,854	1.6%	0.1%	3.5%
Gross Receipts	968,782	2.6%	1.1%	2.4%